

Pennsylvania Public School Employees' Retirement System

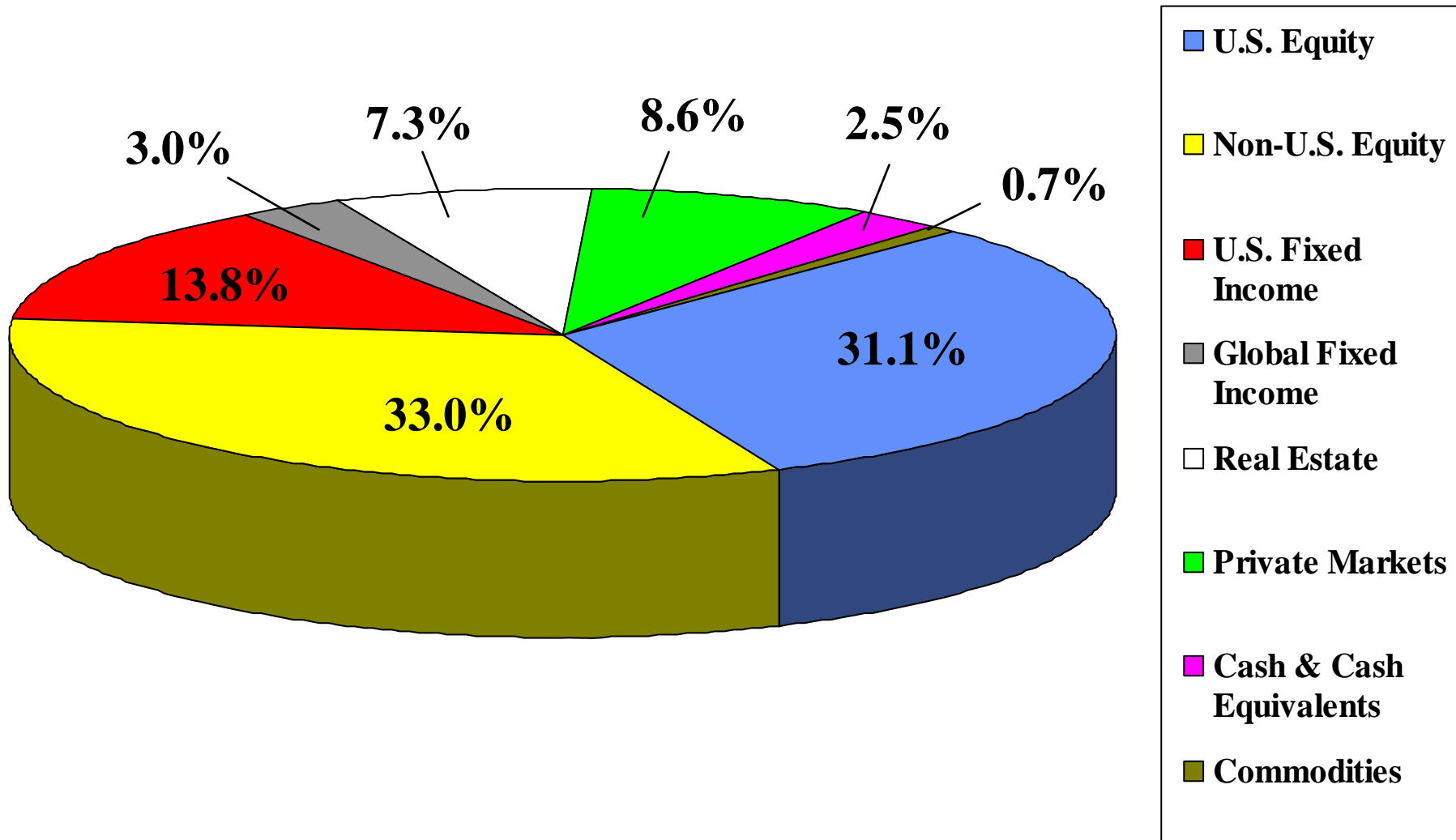


PSERS' Investment Market Values as of December 31, 2006 (Unaudited)

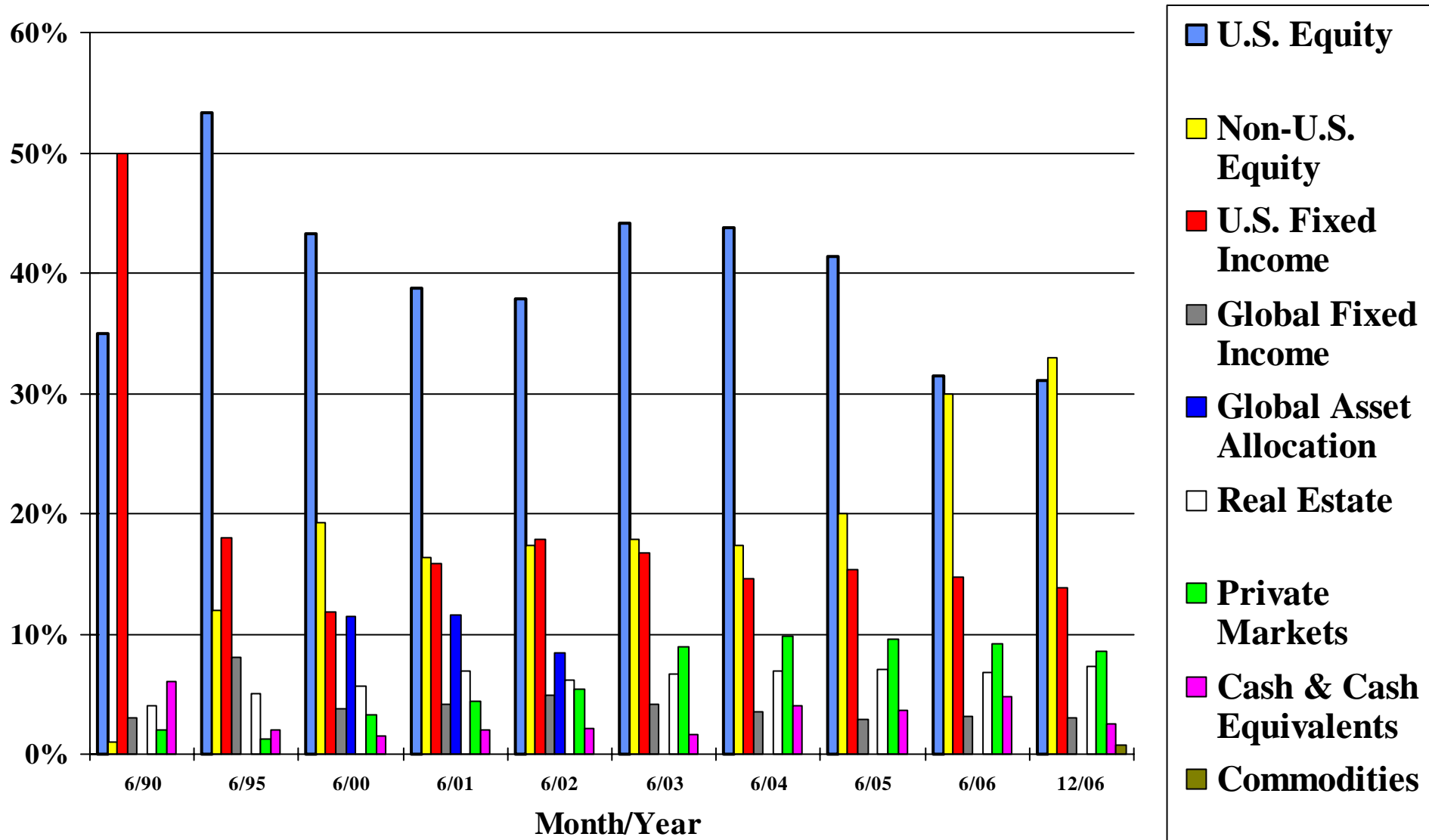
Asset Class	Market Value (in millions)	% of Total	Target Allocation	Policy Ranges
U.S. Equity	\$ 19,302.4	31.1%	29.5%	24.5% - 34.5%
Non-U.S. Equity	20,467.1	33.0%	29.5%	24.0% - 35.0%
Private Equity	3,788.5	6.1%		
Private Debt	975.8	1.6%		
Venture Capital	547.1	0.9%		
Subtotal Private Markets	<u>5,311.4</u>	8.6%	11.0%	
Real Estate	<u>4,499.2</u>	7.3%	7.0%	
Total Equity	<u>49,580.1</u>	80.0%	77.0%	72.0% - 84.0%
U.S. Fixed Income	8,552.7	13.8%		
Global Fixed Income	1,835.4	3.0%		
Cash & Cash Equivalents *	<u>1,578.7</u>	2.5%		
Total Fixed Income	11,966.8	19.3%	22.0%	19.2% - 24.8%
Commodities	<u>421.4</u>	0.7%	1.0%	0.0% - 6.0%
TOTAL FUND	<u>\$ 61,968.3</u>	100.0%	100.0%	

* - includes Cash, Cash Equivalents, and net asset value accounting adjustments

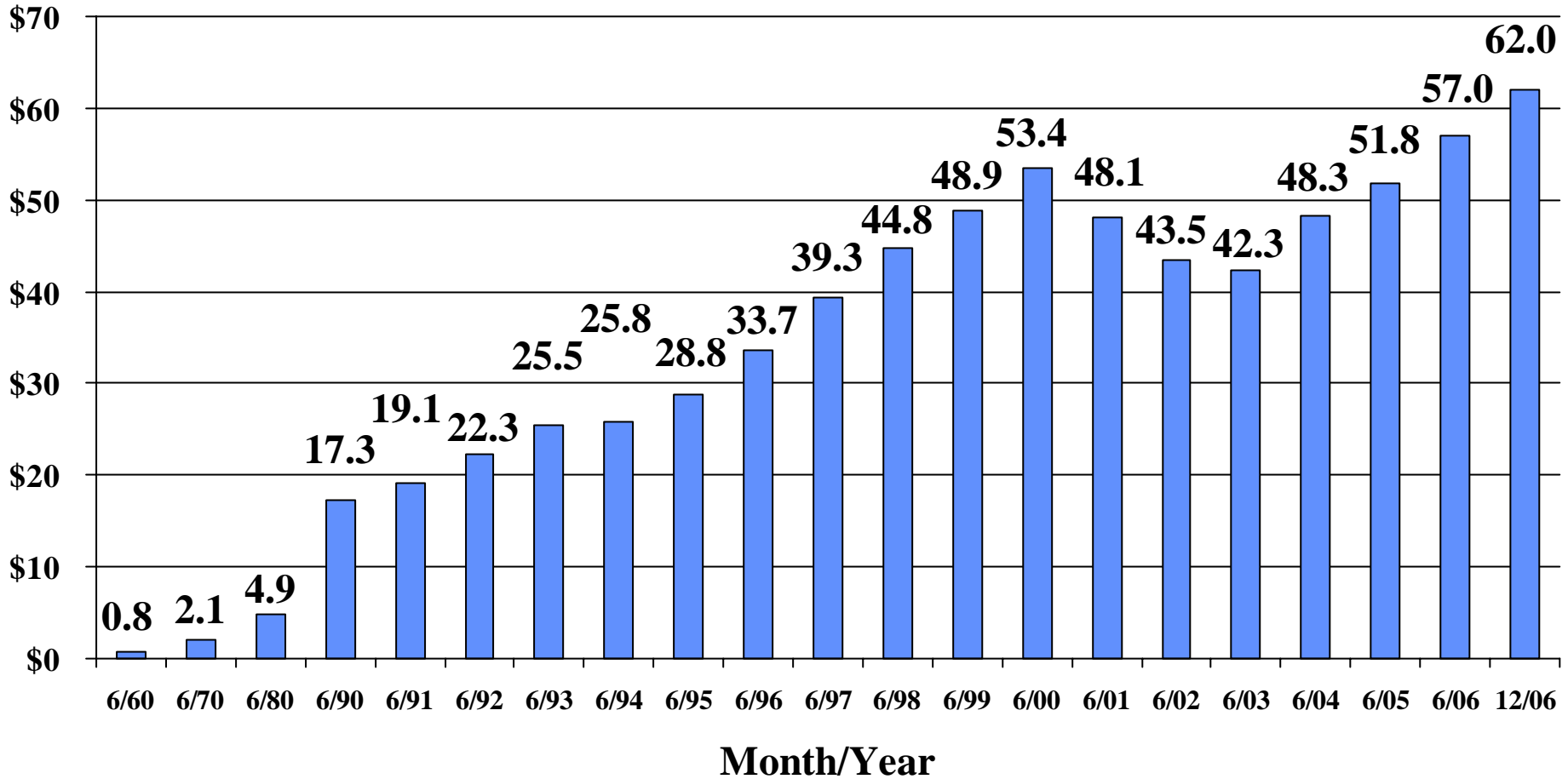
PSERS' Portfolio Distribution as of December 31, 2006 (Unaudited)



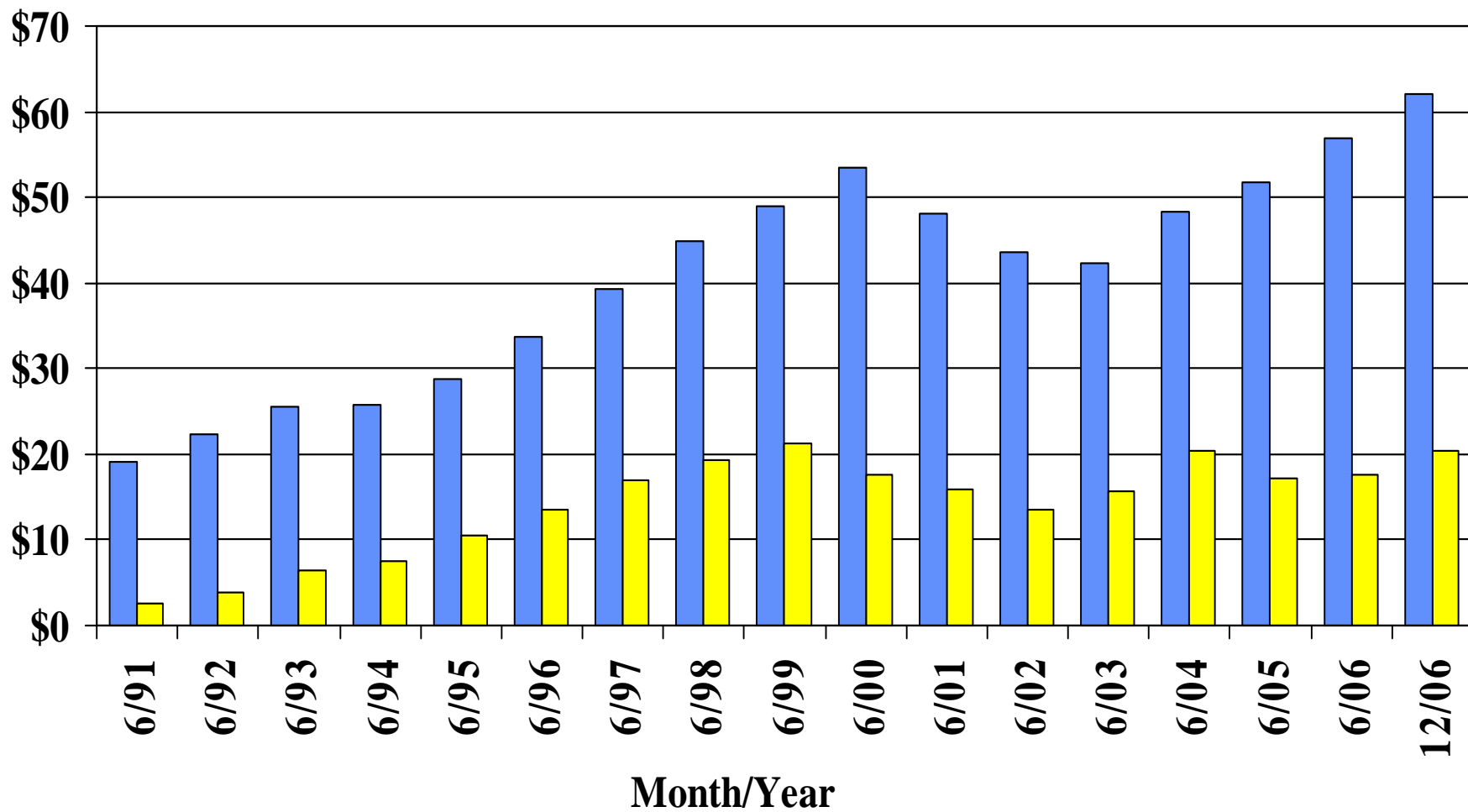
PSERS' Historical Asset Allocation



PSERS' Investment Market Values (in billions)



Internally Managed Assets (in billions)



PSERS' Average Monthly Pension
Contributions & Expenses
Fiscal Year 2005 - 2006

- Member Contributions..... \$ 69 Million
- Employer Contributions..... \$ 38 Million
- Net Investment Income..... \$ 661 Million

- Pension Expense..... \$ 324 Million
- Administrative Expense..... \$ 3 Million

PERS' Sources of Funding

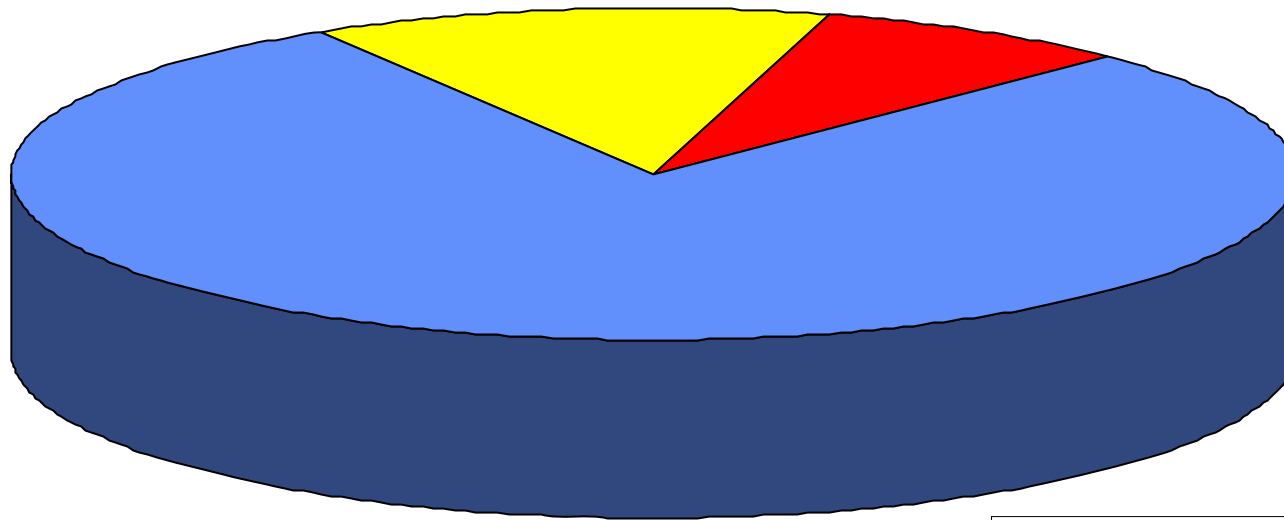
10 Year History (Fiscal Year 1997 to 2006)

Employee Contributions

\$6.4 Billion (13% of Total)

Employer Contributions

\$4.3 Billion (8% of Total)

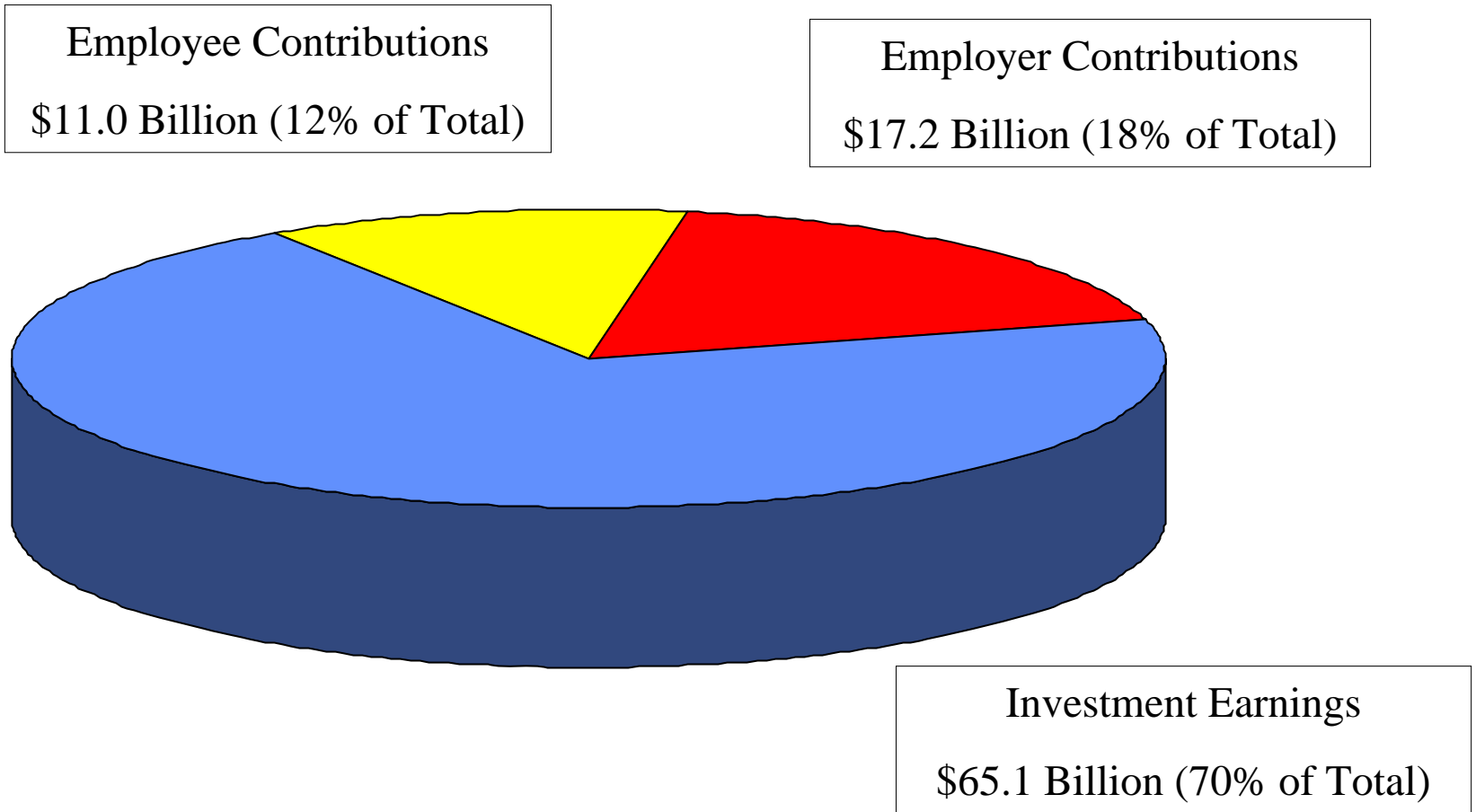


Investment Earnings

\$40.4 Billion (79% of Total)

PERS' Sources of Funding

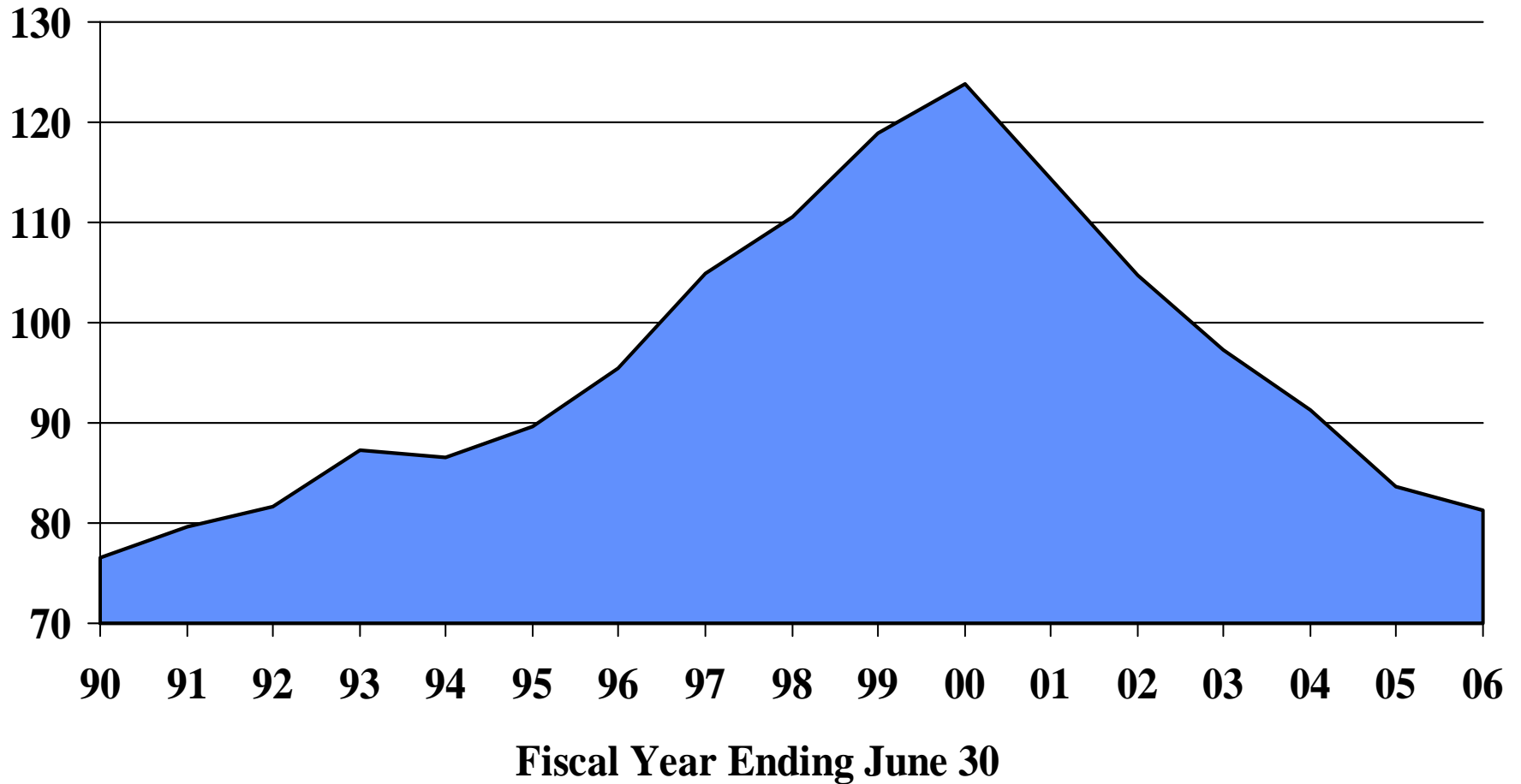
25 Year History (Fiscal Year 1982 to 2006)



PSERS' Funded Ratio – 1990 to 2006 (in millions)

June 30 Date	Accrued Liability	Valuation Assets	Unfunded (Overfunded) Accrued Liability	Funded Ratio (%)
2006	\$ 64,720	\$ 52,558	\$ 12,163	81.2
2005	61,227	51,219	10,007	83.7
2004	57,124	52,095	5,029	91.2
2003	54,443	52,900	1,543	97.2
2002	51,796	54,296	(2,500)	104.8
2001	47,917	54,830	(6,913)	114.4
2000	39,823	49,293	(9,470)	123.8
1999	37,499	44,606	(7,107)	119.0
1998	36,136	39,969	(3,833)	110.6
1997	33,210	34,873	(1,663)	105.0
1996	31,630	30,171	1,459	95.4
1995	30,073	26,971	3,102	89.7
1994	28,348	24,552	3,796	86.6
1993	25,947	22,644	3,303	87.3
1992	24,570	20,068	4,502	81.7
1991	22,574	17,962	4,612	79.6
1990	20,914	15,996	4,918	76.5

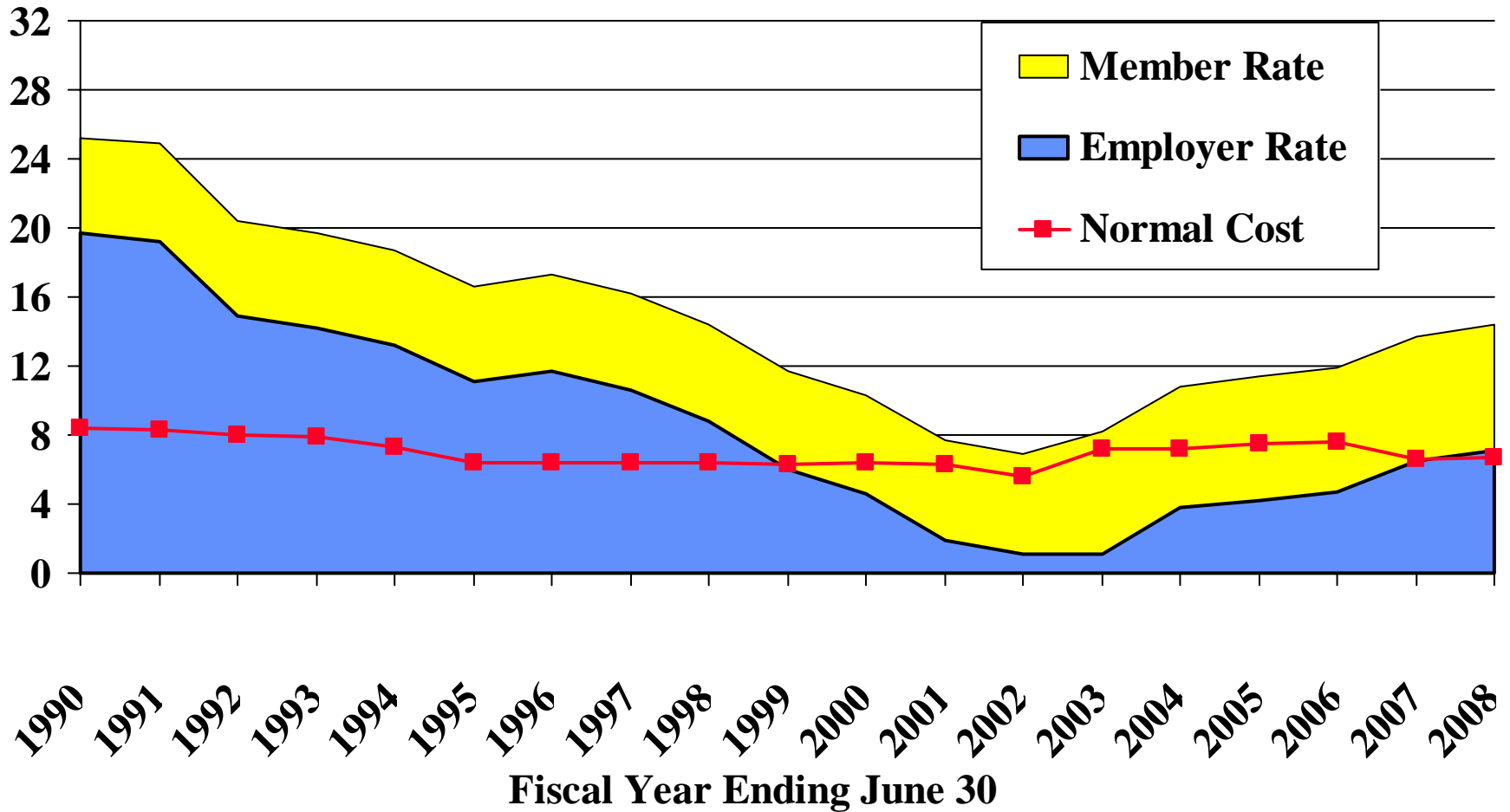
PSERS' Funded Ratio – 1990 to 2006 (percentage)



Total Contribution Rates Since 1989-90

Fiscal Year	Employer Rate	Employee Rate	Total Contribution Rate
07-08	7.13%	7.25%	14.38%
06-07	6.46	7.21	13.67
05-06	4.69	7.16	11.85
04-05	4.23	7.12	11.35
03-04	3.77	7.08	10.85
02-03	1.15	7.10	8.25
01-02	1.09	5.80	6.89
00-01	1.94	5.77	7.71
99-00	4.61	5.72	10.33
98-99	6.04	5.69	11.73
97-98	8.76	5.65	14.41
96-97	10.60	5.62	16.22
95-96	11.72	5.59	17.31
94-95	11.06	5.55	16.61
93-94	13.17	5.51	18.68
92-93	14.24	5.48	19.72
91-92	14.90	5.46	20.36
90-91	19.18	5.69	24.87
89-90	19.68	5.53	25.21

History of Member and Employer Contribution Rates Since 1989-90



Projected Member and Employer Contribution Rates

